FLORIDA DEPARTMENT OF TRANSPORTATION

DEBT & DEBT-LIKE FINANCING REPORT

2016

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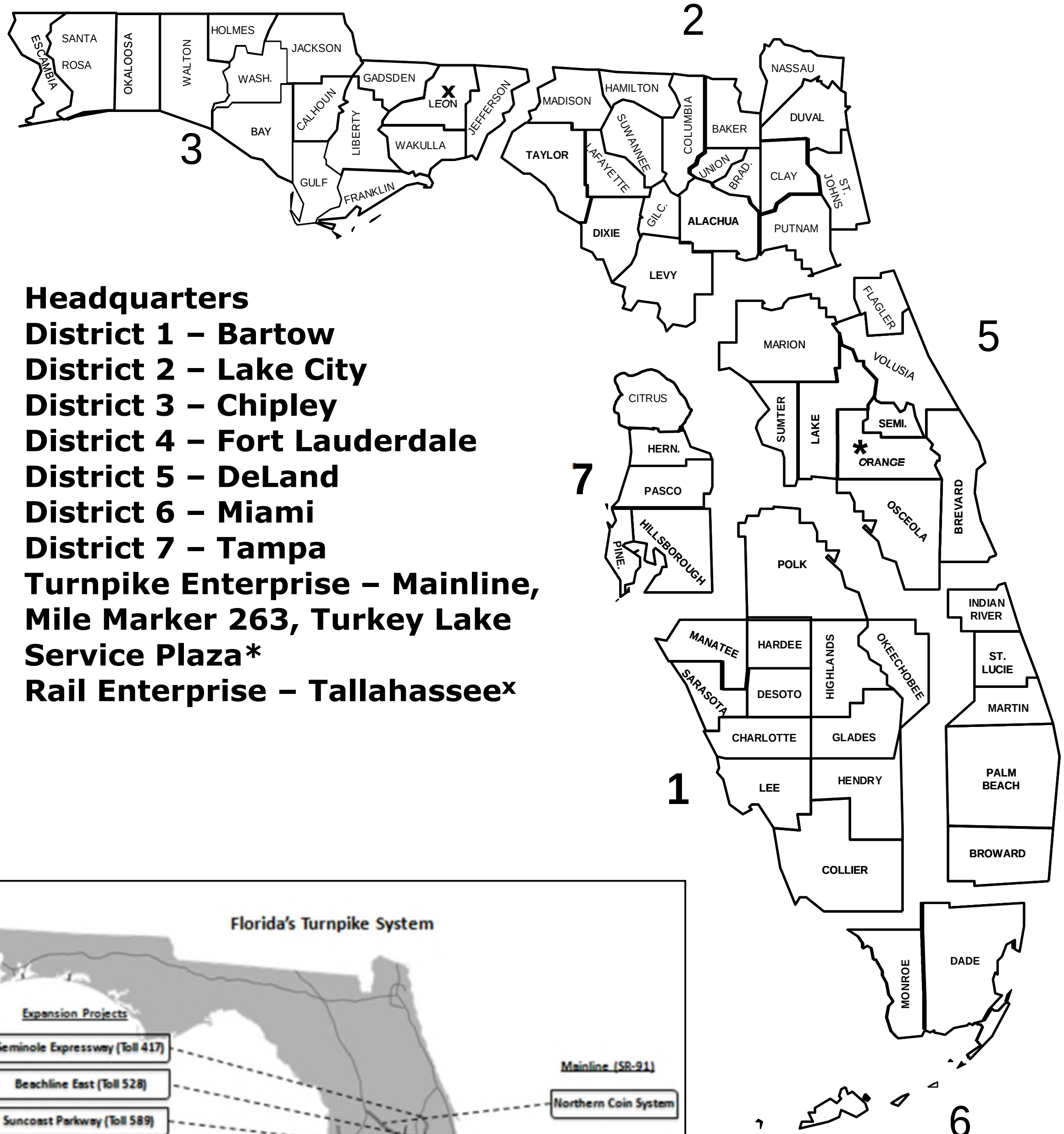
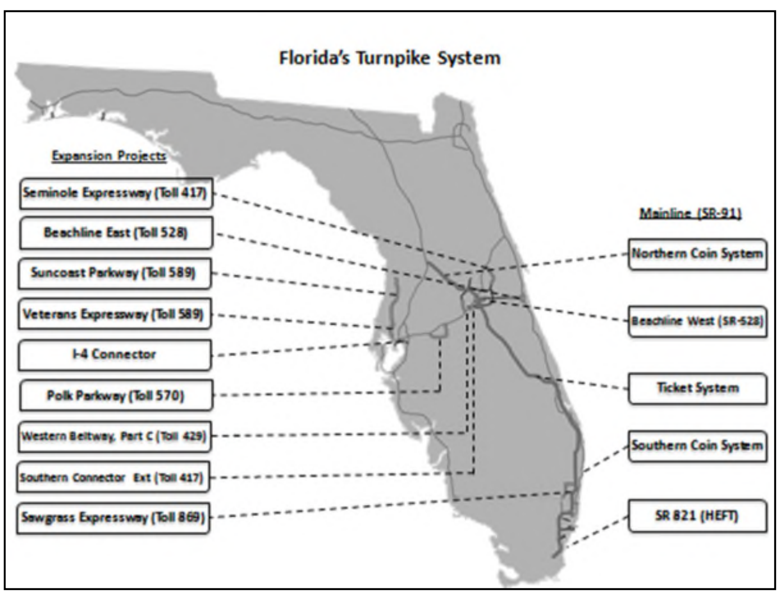
The Florida Department of Transportation (FDOT or department) is responsible for planning, developing, and maintaining the State's Transportation System (consisting of Interstate Highways, Florida's Turnpike, the Strategic Intermodal System (SIS), rural and urban highways, and other selected urban roads, public transit, rail, airports, and seaports). The department's mission is "to provide a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity, and preserves the quality of our environment and communities."

The primary purpose of the DEBT & DEBT-LIKE FINANCING REPORT is to provide information about the FDOT debt and debt-like financing programs and controls as of June 30, 2016 (except as noted otherwise). It is not an offer to sell securities or the solicitation of an offer to buy securities nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The information in this report is not guaranteed. There is no assurance about the accuracy or reliability of the information, and there is no obligation to update any information provided in this report. Also note that all spending authority is subject to Legislative Appropriation.



Headquarters
District 1 – Bartow
District 2 – Lake City
District 3 – Chipley
District 4 – Fort Lauderdale
District 5 – DeLand
District 6 – Miami
District 7 – Tampa
Turnpike Enterprise – Mainline, Mile Marker 263, Turkey Lake Service Plaza*
Rail Enterprise – Tallahassee[x]



Organizational Structure

Pursuant to Section 20.23, Florida Statutes, FDOT is decentralized to allow operational decisions to be made in the department's seven district offices as well as the Turnpike Enterprise and Rail Enterprise. The Central Office is responsible for policy, procedure, quality assurance, finance, and general administrative functions. The district offices have operational responsibilities. This organizational structure gives local governments and metropolitan planning organizations direct input into the agency at the level where project selection decisions are made.

The department is headed by the Secretary of Transportation (Secretary) who is appointed by the Governor from among three persons nominated by the Florida Transportation Commission. The Secretary is subject to confirmation by the Senate and serves at the pleasure of the Governor. The District Secretaries, the Executive Director of the Turnpike Enterprise, and the Executive Director of the Rail Enterprise report to FDOT's Secretary.

The Florida Transportation Commission

The Florida Transportation Commission (Commission) provides oversight for the activities of the FDOT. The Commission consists of nine members with private-sector business managerial experience who are appointed by the Governor and subject to confirmation by the Senate. The Commissioners are uncompensated, serving staggered terms of four years and may be reappointed. The Commission is independent from the department with its own staffing; it is responsible for monitoring production and financial status of the department on a regular basis to ensure that the department is managing revenues and bond proceeds responsibly, in accordance with law and established policy. The Commission ensures that the department's work program is in compliance with all applicable laws and established policies. The Commission is statutorily prohibited from entering into the day-to-day operations of the department, such as awarding of contracts, selecting project routes, or granting permits.

State Transportation Trust Fund (STTF) Financing

FDOT finances its operations from a variety of revenue sources. In fiscal year (FY) 2016, state sources provided over 53% of all revenues that came from a broad base of dedicated transportation taxes and fees such as motor fuel taxes, aviation fuel taxes, motor vehicle license taxes, title fees, rental car surcharges, and documentary stamp taxes. Approximately 35% of revenues were generated from federal aid. The balance of revenues came from toll facility receipts, local government participation, and miscellaneous sources.

STATE TRANSPORTATION TRUST FUND FISCAL YEAR 2015-16 RECEIPTS ($ in millions)		
Source	**Amount**	**Percent**
Fuel Taxes	$2,179.7	31.1%
Aviation Fuel Taxes	$29.5	0.4%
Motor Vehicle Fees	$1,114.5	15.9%
Rental Car Surcharge	$140.8	2.0%
Documentary Stamps	$267.8	3.8%
Interest on Investments	$11.1	0.2%
Federal Aid	$2,447.3	34.9%
Reimbursement/DOT-owned Toll Facilities[1]	$100.7	1.4%
Reimbursement/Turnpike	$206.2	2.9%
Reimbursement/Expressway Authorities[2]	$52.5	0.7%
Joint Participation Agreements/Other Reimbursements	$307.7	4.4%
Miscellaneous Revenue	$157.3	2.2%
Total[3]	$7,015.2	100.0%

Notes:

1. Reimbursement from department-owned toll facilities includes Alligator Alley, I-95 Express, Pinellas Bayway, Wekiva Parkway, Sunshine Skyway, and I-595 Express.
2. Reimbursement from expressway authorities includes Tampa-Hillsborough Expressway Authority, Miami-Dade Expressway Authority, Mid-Bay Bridge Authority, and Central Florida Expressway Authority.
3. Amount and percent may not add due to rounding.

The department manages its financial resources through a limited number of trust funds and related accounts. Significant trust funds include the STTF, the Right-of-Way Acquisition and Bridge Construction Trust Fund, and various Florida Turnpike Enterprise trust funds. The department also includes the Transportation Disadvantaged Trust Fund.

STTF is a consolidated transportation fund that includes all major revenue sources. Revenue sources include state fuel tax revenues, federal aid reimbursements, local funds, toll operation reimbursements, and miscellaneous revenues and fees. Outlays include construction and maintenance of roads and bridges, design costs, right-of-way land purchases, environmental mitigation, public transportation assistance, administrative costs, debt service, and costs related to department-owned or department-operated toll facilities.

The Right-of-Way Acquisition and Bridge Construction Trust Fund contains the funds for the Right-of-Way Acquisition and Bridge Construction bonding program. This trust fund accounts for bond proceeds, investment earnings, project expenditures, and debt service payments.

The Turnpike Enterprise trust funds include those funds and accounts that are required by the Master Resolution for the Florida Turnpike Enterprise. They include the Revenue, Operating and Maintenance, Renewal and Replacement, General Reserve, and various bond construction trust funds.

Transportation Debt Limitation

In an effort to ensure the fiscal integrity of the STTF, Section 339.139, Florida Statutes, was created in 2012 which requires the department to submit a debt and debt-like contractual obligations report to the Executive Office of the Governor, the President of the Senate, the Speaker of the House of Representatives, and the legislative appropriations committees. The report is submitted in conjunction with the tentative work program. This debt load report shall ensure that by the beginning of FY 2018, not more than 20% of total projected available state and federal revenues from the STTF, together with any local funds committed to department projects, are committed to debt and debt-like contractual obligations. The statute also requires the department to prepare a separate report on debt obligations that are secured by and payable solely from pledged revenues.

Debt and debt-like contractual obligations may include:

- Debt service payments on bonds secured by federal highway reimbursements or motor fuel and diesel fuel taxes;
- Seaport funding pledged to the payment of principal and interest on bonds;
- Commitments to pay costs associated with expressway and bridge authorities under the terms of lease-purchase agreements;
- Availability, milestone, and final acceptance payments required by public-private partnerships that are not payments for the cost of operation or maintenance of a facility;
- Agreed-upon payments to department contractors for work performed in the current fiscal year for which payment is deferred to a later fiscal year, and;
- Loan repayments on State Infrastructure Bank loans extended to a department district.

The following table provides the total projected debt and contractual obligations as a percentage of net available revenues by year.

TOTAL PROJECTED DEBT AND CONTRACTUAL OBLIGATIONS AS A PERCENTAGE OF NET AVAILABLE REVENUE BY FISCAL YEAR[1]	
Fiscal Year	**Percent**
2016-17	10.9%
2017-18	11.8%
2018-19	9.3%
2019-20	11.9%
2020-21	11.9%
2021-22	12.7%
2022-23	7.4%
2023-24	6.4%
2024-25	6.0%

Note:
1 Based on Adopted STTF Finance Plan as of July 1, 2016

Bond Financing Programs

Bond financing plays an important role in addressing the State's total transportation financial needs. General obligation bonds are used to accelerate the purchase of right-of-way for roads and to finance major bridge construction projects. Revenue bonds are used to finance: 1) Florida's Turnpike Enterprise improvement and expansion projects (see also the Florida's Turnpike Enterprise section), 2) transportation and environmental improvements related to other department-owned and operated toll facilities (see also the Department-Owned and Operated section), 3) capital improvements to the State's Seaports, and 4) the state-funded State Infrastructure Bank.

Right-of-Way Acquisition and Bridge Construction Bonds

In 1988, Florida voters approved an amendment to Section 17, Article VII of the State Constitution authorizing the issuance of bonds to acquire right-of-way for roads and to construct bridges. The Florida Legislature approved the use of these bonds for the advanced acquisition of right-of-way land beginning in 1991 and bridge construction beginning in 1994. Approximately three-fourths of the funds from these bonds are being spent on right-of-way acquisition and one-fourth is being spent on bridge construction. Current law provides that a maximum of 7% of revenues deposited into the STTF, not to exceed $275 million, may be used for annual debt service for these bonds. The Full Faith and Credit of the State of Florida additionally secures these bonds. During the period from Fiscal Years 1992 through 2021, $3.4 billion in Right-of-Way Acquisition and Bridge Construction Bond funds have been or are planned to be used to leverage projects.

A total of $2.319 billion in new money bonds have been issued to date:

RIGHT-OF-WAY ACQUISITION AND BRIDGE CONSTRUCTION BONDS AS OF JUNE 30, 2016 ($ in millions)					
Series	**Month**	**Year**	**Interest Rate [1]**	**Amount**	**Principal Balance**
Series 1991	November	1991	6.47%	$50	$0
Series 1993	June	1993	5.43%	$64	$0
Series 1995	April	1995	5.82%	$150	$0
Series 1996	June	1996	5.63%	$150	$0
Series 1997*	March	1997	5.40%	$45	$0
Series 1997A	July	1997	5.21%	$200	$0
Series 1997B	October	1997	5.19%	$150	$0
Series 1999*	March	1999	4.94%	$279	$0
Series 2002	February	2002	4.93%	$150	$0
Series 2002A*	September	2002	4.53%	$251	$0
Series 2003A	September	2003	4.67%	$300	$0
Series 2004A	July	2004	4.73%	$300	$0
Series 2005A*	March	2005	4.72%	$119	$0
Series 2005B*	June	2005	4.05%	$301	$0
Series 2006A*	September	2006	4.01%	$37	$0
Series 2008A	February	2008	5.20%	$155	$0
Series 2009A	July	2009	4.73%	$200	$179
Series 2009B*	November	2009	3.76%	$207	$153
Series 2011A*	May	2011	2.79%	$115	$86
Series 2011B*	February	2012	3.11%	$244	$236
Series 2012A*	May	2012	3.11%	$267	$248
Series 2012B*	November	2012	2.69%	$235	$226
Series 2015A*	September	2015	1.90%	$250	$214
Series 2016A*	May	2016	2.40%	$191	$166
Total New Money and Refunding Bonds				$4,410	$1,508

Notes:

1 Interest rates for Series 1991 through Series 1999 are the Net Interest Costs as reported in official bond documents. Interest rates for Series 2002 through Series 2016A are the True Interest Costs as reported in official bond documents.

2 Bond issues with an asterisk (*) include all or partial refunding. The total amount issued not including refunding is $2.319 billion. These include bonds that have been refunded but not legally defeased.

According to the STTF Finance Plan, the department tentatively plans to issue approximately $1.1 billion of bonds over the next five years to further implement the right-of-way acquisition and bridge construction program and meet the expanding state transportation needs. The forecast of pledged motor fuel tax collections during a comparable period indicates strong coverage levels will be maintained for future estimated debt service requirements. The financial strength of the right-of-way acquisition and bridge construction program will remain stable with the following strengths in place:

- High coverage by the pledged Motor Fuel Sales Tax – The requirement for additional bonds set forth in the bond resolution requires that additional bonds issued will not exceed 90% of the pledged motor fuel sales taxes available for payment of annual debt service. This translates to a coverage ratio of 1.11 until debt service reaches the $275 million limit when it becomes a 1.00 coverage ratio. Cash flows of the pledged revenues provide debt service coverage ratios significantly higher than this requirement, as shown in the following chart.
- The motor fuel sales tax is indexed to the Consumer Price Index (CPI) on an annual basis to maintain equality with the increase in cost of goods and services.
- The unconditional full faith and credit pledge of the State.

The strong credit ratings of the bonds (Aa1 with Moody's, AAA with Fitch, AAA with Standard and Poor's) reflect both the historically high coverage of debt and the full faith and credit pledge of the State. In combination, they provide extremely strong protection for bondholders over the long term.

RIGHT-OF-WAY ACQUISITION AND BRIDGE CONSTRUCTION BONDS DEBT SERVICE COVERAGE ($ in millions)					
FY Ended June 30	**Projected Motor & Diesel Fuel Taxes Available for Debt Service[1]**	**Actual Debt Service[2]**	**Current Coverage Ratio**	**Planned Debt Service[3]**	**Planned Coverage Ratio**
2017	$1,355.2	$137.1	9.88x	$141.7	9.56x
2018	$1,403.3	$136.4	10.29x	$150.5	9.32x
2019	$1,462.1	$136.3	10.73x	$179.2	8.16x
2020	$1,523.7	$136.4	11.17x	$206.1	7.39x
2021	$1,581.2	$136.4	11.59x	$206.1	7.67x
2022	$1,642.7	$133.4	12.31x	$216.4	7.59x
2023	$1,700.7	$132.4	12.85x	$215.5	7.89x
2024	$1,771.2	$128.9	13.74x	$212.0	8.35x
2025	$1,847.2	$118.5	15.59x	$201.6	9.16x

Notes:

1. Projected Motor & Diesel Fuel Sales taxes adopted by the Florida Estimating Conference on Transportation Revenue Winter 2016.
2. Debt service on principal in the amount of $1.6 billion as of June 30, 2016, after defeasance.
3. Includes projected debt service on planned issuance of $1.1 billion in bonds over the next five years.

Grant Anticipation Revenue Vehicles (GARVEE) Bonds

Section 215.616, Florida Statutes, authorizes the pledging of future Federal-aid reimbursements to pay debt service for GARVEE bonds, caps annual debt service at 10% of annual Federal highway apportionments, and limits bond terms to 12 years.

FEDERAL FUNDS AVAILABLE FOR DEBT SERVICE ($ in millions)			
FY	**Estimated Apportionments[1]**	**10%**	**Planned Debt Service[2]**
2017	$1,959	$195.9	N/A
2018	$2,002	$200.2	N/A
2019	$2,047	$204.7	N/A
2020	$2,096	$209.6	$11.1
2021	$2,096	$209.6	$11.1
2022	$2,096	$209.6	$11.1
2023	$2,096	$209.6	$11.1
2024	$2,096	$209.6	$11.1
2025	$2,096	$209.6	$11.1

Notes:

1 Federal aid funding levels are based upon the Fixing America's Surface Transportation (FAST) Act which provides funding through Federal fiscal year (FFY) 2019-20. Funding levels for subsequent years are held constant based upon the FAST Act apportionment level in FFY 2019-20. All years' apportionment is adjusted for sequestration.

2 Estimated debt service on planned issuance of $100 million in bonds over the next five years, per the STTF Finance Plan.

GARVEE bonds provide the opportunity to leverage federal-aid highway funds to advance phases of various statewide projects. GARVEE bonds are projected to be used as "gap funding" to meet cash flow needs in financing the work program. To date, no bonds have been issued under the GARVEE statute.

Fixed Guideway Bonds

A fixed-guideway transportation system is a public transit system for the transporting of people by a conveyance, or a series of interconnected conveyances, specifically designed for travel on a stationary rail or other guideway which is located on, above, or under the ground. Section 215.615, Florida Statutes, authorizes the use of up to 2% of the state's transportation revenues to issue bonds to finance the construction, addition, or reconstruction of fixed guideway transportation systems. Each bonded project must be approved by the Legislature. This bond program can generate over one billion in bonding capacity for fixed guideway systems at 5% interest for 30 years. To date, no bonds have been issued or are planned to be issued under the Fixed Guideway statute.

FIXED GUIDEWAY BONDS STATE REVENUE AVAILABLE FOR DEBT SERVICE ($ in millions)		
FY Ended June 30	Projected Revenues Available for Debt Service[1]	2% Calculation
2017	$3,812.4	$76.2
2018	$3,929.8	$78.6
2019	$4,068.2	$81.4
2020	$4,203.1	$84.1
2021	$4,332.2	$86.6

Note:
1 Projected revenues include Winter 2016 Transportation REC revenues and Documentary Stamps.

Florida Seaports

The Florida Ports Financing Commission (FPFC), a public body of local government, was created on July 17, 1996 by an Interlocal Agreement among three port authorities: Port Canaveral, Port Jacksonville, and Port Panama City. The Agreement was later amended to include: Port Everglades, Port Miami, Port Tampa, Port Manatee, Port Palm Beach, and Port Ft. Pierce. The purpose of the FPFC is to provide a cost-effective means of financing various capital projects for Florida's deepwater ports by issuing bonds and transferring the proceeds to the individual ports.

To assist in the funding of such a program, the Legislature directed that $15 million of the motor vehicle license fees be deposited into the STTF each year to be used for this program. Under a Master Agreement with the FPFC, the department agreed to transfer annually in July the $15 million from the STTF to an escrow account held on behalf of the Trustee, to provide for the debt service requirements. The FPFC and the Trustee entered into an indenture of trust dated December 1, 1996 which authorized the issuance of $222.3 million Florida Ports Financing Commission Revenue Bonds, Series 1996.

The 1997 Legislature authorized an additional $10 million annually from motor vehicle license fees to be deposited into the STTF, beginning July 2001, for the purpose of funding seaport intermodal access projects. The 1999 Legislature advanced the date of deposit to July 1999. The FPFC and the Trustee also entered into an indenture of trust, dated September 1, 1999, which authorized the issuance of $153 million Florida Ports Financing Commission Revenue Bonds Series 1999, secured by this additional $10 million per year.

FDOT and the FPFC entered into two separate master agreements, one for each bond series, pursuant to which FDOT agreed to transfer the State money annually to escrow accounts held in the State Treasury, on behalf of the Trustee, which may be drawn upon by the Trustee to pay the debt services on the bonds. The 2000 Legislature made changes to the program such that the Florida State Board of Administration Division of Bond Finance, at the request of FDOT, will issue future new bond issues.

On May 26, 2011, the FPFC refinanced the Series 1996 and Series 1999 bonds. The refunding bonds consisted of $10.65 million principal amount of revenue bonds issued in Series 2011A and $141.67 million principal amount of revenue bonds issued in Series 2011B.

The 2012 Legislature created the Seaport Investment Program which directed $10 million annually from the STTF to begin in FY 2014, and annually for 30 years thereafter, for the purpose of funding seaport development projects in the adopted work program, including Florida Seaport Transportation and Economic Development (FSTED) Council allocations and Strategic Intermodal System (SIS) investment priorities. It was the intent of the Legislature that this revenue stream would be leveraged with a bond sale. The bond supports $150 million of seaport projects, many of which are included in the FSTED program and SIS. It is expected that at least 85% of these bond funds will be expended within 36 months from the time that the bonds were issued.

In early November 2013, FDOT received the ratings from Moody's (Aa3), Fitch (AA), and Standard & Poor's (AA+). The bonds sold on January 28, 2014, at a par amount of $138.1 million and included a net premium of $12.3 million. Net proceeds in the amount of $146,596,664.60 were received on February 20, 2014, the closing/delivery date of the bonds. As of June 30, 2016, approximately 73% of the bond funds have been expended.

For additional information, contact the Florida Ports Council at (850) 222-8028, or visit the website at www.flaports.org.

Financing Support Programs

The department has historically used a variety of forms of financial assistance to support bond-financed projects. These include covenants to complete, operations and maintenance pledges entered into through Lease-Purchase Agreements, covenants to pay Turnpike Enterprise operating and maintenance costs, Toll Facilities Revolving Trust Fund loans to pay for project development and feasibility assessment costs, SIB loans for project costs, Public-Private Partnerships, TIFIA credit programs, Private Activity Bonds, and Build America Bonds.

Lease-Purchase Agreements

The Florida Expressway Authority Act authorized the department to enter into Lease-Purchase Agreements with expressway and bridge authorities under Chapter 348, Florida Statutes (this authority was removed in the 2011 Legislative Session). The department covenanted in Lease-Purchase Agreements that it would pay all or any part of the cost of the operation or maintenance of an expressway system, thereby enabling the authority to sell more revenue bonds through pledges of gross toll revenues. The department is also authorized to covenant to complete authority projects under certain conditions. With the exception of Florida's Turnpike Enterprise, the financing of nearly every major toll facility project constructed in Florida during the past 40 years has benefited from these Lease-Purchase Agreement covenants.

Lease-Purchase Agreements are currently in place for the Mid-Bay Bridge Authority, Santa Rosa Bay Bridge Authority, and parts of the Central Florida Expressway Authority (formerly the Orlando-Orange County Expressway Authority) system.

Operating and Maintenance Loans for Florida's Turnpike Enterprise Projects
Section 338.223(4), Florida Statutes, limits the maximum net amount of O&M loans for new Turnpike Enterprise projects. Prior to 2002, the limit was 0.5% of state transportation tax revenues for any fiscal year. In House Bill 261, which created the Turnpike Enterprise during the 2002 Legislative Session, the maximum amount of O&M loans was raised to 1.5% of state transportation tax revenues for any fiscal year. Loan amounts were received for three Turnpike Enterprise projects: Suncoast Parkway, State Road 80, and Seminole Expressway Part II. As of July 2016, the Turnpike had repaid all outstanding loan amounts to the Department.

Department Covenant to Pay Florida's Turnpike System O&M Costs
On August 21, 1997, the department executed a "Certification of Covenant to Pay Costs of Operating and Maintenance" (Covenant) for the Turnpike System from moneys in the STTF, as authorized by the 1997 Legislature in Section 206.46(5), Florida Statutes. By its terms, the Covenant (1) is a contract with Bondholders and is enforceable by them, (2) is not subject to repeal, impairment, or amendment in any manner which would materially and adversely affect the rights of Bondholders, and (3) may only be modified or amended upon compliance with the "Modification or Amendment" section of the Resolution. This Covenant has been included in each bond issue since 1998 and will be included in all subsequent issues. To date, the Turnpike System has made all required deposits into the Operating and Maintenance Account and has made all payments to the STTF for operating and maintenance costs incurred on behalf of the Turnpike System. During FY 2016, the gross revenue pledge was in full effect, since all gross revenues were available first to pay debt service on related bonds and then to repay the STTF for operating and maintenance costs paid on behalf of the Turnpike System. The adopted finance plan indicates that sufficient revenues will accrue to the Turnpike System to meet required payments.

Toll Facilities Revolving Trust Fund Loan Program
The department issued loans from the Toll Facilities Revolving Trust Fund (TFRTF) program from FY 1987 through FY 2012. Through the program period, the TFRTF Loan program awarded and advanced $195.1 million in loans and grants to 22 local governments, expressway authorities, and the Turnpike Enterprise. To date, $174.3 million has been repaid, and $7.6 million has been written-off as uncollectible. A $40 million transfer from the TFRTF to General Revenue was mandated by the Legislature and approved by the Governor in FY 2010. The TFRTF was repealed during the 2012 Legislative Session. All cash that was in the trust fund at June 30, 2012 was transferred to the STTF. All future repayments of outstanding loans will be deposited into the STTF.

At June 30, 2016, Florida's Turnpike Enterprise owed the department $6 million in outstanding TFRTF loans, with the last repayment scheduled in FY 2020. The Gasparilla Island Bridge Authority owes the department $1.5 million, with loan repayment beginning FY 2018 and full repayment in FY 2024. The only remaining balance due from prior loans is $7.5 million owed from the Santa Rosa Bay Bridge Authority.

State Infrastructure Bank (SIB)
The State Infrastructure Bank (SIB) is a revolving loan and credit enhancement program consisting of two separate accounts and is used to leverage funds to improve

project feasibility. The SIB can provide loans and other assistance to public or private entities carrying out or proposing to carry out projects eligible for assistance under federal and state law. The SIB cannot provide assistance in the form of a grant.

The federally-funded account is capitalized by federal money matched with state money, as required by law under the Transportation Equity Act for the 21st Century (TEA-21). All repayments are paid to the federally-funded SIB account and revolved for future loans. Projects must be eligible for assistance under Title 23, United States Code (USC) or capital projects as defined in Section 5302 or Title 49 USC. Projects must be included in the adopted comprehensive plans of the applicable Metropolitan Planning Organization (MPO) and must conform to all federal and state laws, rules, and standards.

The state-funded account is capitalized by state money and bond proceeds, per Sections 339.55 and 215.617, Florida Statutes. All repayments are paid to the State Board of Administration where debt service is repaid on any outstanding bonds with the remainder returned to the state-funded account and revolved for future loans. Projects must be on the State Highway System or provide increased mobility on the State's transportation system, or provide intermodal connectivity with airports, seaports, rail facilities, and other transportation terminals. Projects must be consistent, to the maximum extent feasible, with local Metropolitan Planning Organizations' (MPO) local government comprehensive plans and must conform to policies and procedures within applicable Florida Statutes and other appropriate state standards for the transportation system.

In June 2005, $62.3 million of State Infrastructure Bank Revenue Bond Series 2005A were sold. In August 2007, $61.3 million of State Infrastructure Bank Revenue Bond Series 2007 were sold. There are no subsequent bond issues scheduled at this time. As of June 30, 2016, $41.0 million in principal and $6.9 million in interest remains outstanding.

The state-funded account also allows for the lending of capital costs to provide credit enhancements for emergency loans for damages incurred on public-use commercial deepwater seaports, public-use airports, and other public-use transit and intermodal facilities that are within an area that is part of an official state declaration of emergency, per Chapter 252, Florida Statutes, and other applicable laws.

The amount of any loan or other assistance may be subordinated to other debt financing for a project with an investment grade rating of "BBB" or higher. Loans from the SIB may bear interest at or below market interest rates, as determined by the department. Florida's SIB is established as escrow accounts at the Department of Financial Services, Division of Treasury, where in accordance with established state investment guidelines, all proceeds are invested. As of June 30, 2016, $126.3 million plus $33.9 million in interest, totaling $160.2 million has been deposited into the federal-funded SIB account, and $488.8 million plus $43.7 million in interest, totaling $532.5 million has been deposited into the state-funded SIB account. Any future bond sales will be determined based on need and the amount of annual awards made.

Applications are accepted for federal and state eligible projects during the published advertisement period via the department's online application process. Application and award dates are preliminary and are subject to change. Visit the SIB website at: http://www.fdot.gov/comptroller/pfo.shtm.

State-funded SIB

As of June 30, 2016, the department has awarded or is in the process of awarding 55 state-funded SIB loans totaling $953.7 million to date. These awards leverage/advance $10.5 billion of total project costs.

SUMMARY OF THE STATE-FUNDED STATE INFRASTRUCTURE BANK ($ in millions)		
	SIB Assistance	**Total Project Costs**
Awards to Date	$914.0	$10,187.5
Awards Pending	$39.7	$285.9
Total	$953.7	$10,473.4

Federal-funded SIB

As of June 30, 2016, Florida's federal-funded SIB has approved 42 loans totaling $564.8 million advancing $2.0 billion of project costs.

SUMMARY OF THE FEDERAL-FUNDED STATE INFRASTRUCTURE BANK ($ in millions)		
	SIB Assistance	**Total Project Costs**
Awards to Date	$432.1	$1,508.0
Awards Pending	$132.7	$494.4
Total	$564.8	$2,002.4

Florida Department of Transportation (FDOT) Financing Corporation

The Florida Legislature enacted Section 339.0809, Florida Statutes, which created as a nonprofit corporation, the FDOT Financing Corporation, for the purpose of financing or refinancing transportation projects for the department. The corporation is governed by a board of directors consisting of the Director of the Office of Policy and Budget within the Executive Office of the Governor, the Director of the Division of Bond Finance, and the Secretary of Transportation.

The department may enter into service contracts with the FDOT Financing Corporation in connection with projects approved in the Department's Work Program and each service contract may have a term of up to 35 years. The FDOT Financing Corporation may issue and incur notes, bonds, certificates of indebtedness, and other obligation or evidences of indebtedness. Indebtedness of the corporation does not constitute a debt or obligation of the state or a pledge of the full faith and credit or taxing power of the state. Payment of obligations to the FDOT Financing Corporation are payable solely from amounts available in the STTF, subject to annual appropriation.

Currently, there are no projects under procurement that will utilize the FDOT Financing Corporation.

Public-Private Partnerships (P3)

The Florida Legislature enacted Section 334.30, Florida Statutes, Public-Private Transportation Facilities, to demonstrate a commitment to find innovative solutions and answer the public need for rapid construction of safe and efficient transportation facilities. The statute grants FDOT authority to advance projects in the adopted five-year work program, as well as projects that are in the ten-year Strategic Intermodal Plan that increase capacity and are greater than $500 million, through public-private partnerships. Under these agreements, private entities may develop new toll facilities or increase capacity of existing facilities, but toll revenues are to be regulated by FDOT, per Section 338.165(3), Florida Statutes.

Since 2007, the department has contracted two types of P3s under Section 334.30, Florida Statutes. The first type, a short-term contract (usually less than 10 years) called design-build-finance (DBF) or build-finance (BF), advances the construction of a project and allows the department to repay contractors based on funding programmed in future years. The second type, called design-build-finance-operate-maintain (DBFOM), advances construction of a project and pays a private concessionaire to design, build, and finance the construction as well as operate and maintain the facility for 30 or more years. The concessionaire may receive milestone, periodic or final acceptance payments during or after construction, and "availability payments" during the operating period which are performance-based and subject to the availability of the facility. The department ensures that no more than 15% of total federal and state funding in any given year for the STTF is obligated collectively for all projects under this section.

The department may request proposals from private entities for P3 transportation projects and may review unsolicited proposals. P3 projects to date include:

- I-75 in Lee and Collier Counties (iROX)
- I-95 Express Lanes Phase I
- US-1/SR 5 Widening and Improvements in the "18-Mile Stretch"
- I-95 Widening/Pineda Causeway Interchange
- Palmetto Section 2 Expressway Widening and Interchange Improvements
- I-595 Corridor Improvements
- PortMiami Tunnel
- US 19
- Palmetto Section 5 – SR 826/836 Interchange
- I-4 Connector
- I-95 from South of SR 406 to North of SR 44[1]
- S.R. 9B Phase 1[2]
- I-75 North of SR 80 to South of SR 78
- S.R. 79 from N. Mill Branch Bridge to S.R. 8 (I-10)
- I-4 Ultimate
- I-395/I-95

Notes:

[1] This DBF contract with Lane Construction Corporation is being financed with Infrastructure Improvement Revenue Bonds as a conduit issuance by the Space Coast Infrastructure Agency.

[2] This DBF contract with Infrastructure Development Partners is being financed with Infrastructure Improvement Revenue Bonds as a conduit issuance by the Florida Municipal Loan Council.

[3] As of October 18, 2016, the I-395/I-95 DBF Project is currently under procurement.

For more information, visit FDOT's P3 website at:
http://www.fdot.gov/comptroller/PFO/p3.shtm.

Transportation Infrastructure Finance and Innovation Act (TIFIA)

The Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) established a Federal credit program for eligible transportation projects of national or regional significance under the U.S. Department of Transportation (USDOT). TIFIA may provide three forms of credit assistance to States (including D.C. and Puerto Rico), localities, or other public authorities, as well as private entities undertaking projects sponsored by public authorities: secured (direct) loans, loan guarantees, and standby lines of credit. With the enactment of Moving Ahead for Progress in the 21st Century Act (MAP-21) in 2012, "master credit agreements" are authorized under which USDOT may make a contingent commitment of future TIFIA assistance for a program of projects secured by a common revenue pledge. The fundamental goal of the TIFIA program is to leverage federal funds by attracting substantial private and other non-federal co-investment in critical improvements to the nation's surface transportation system. The minimum threshold required for total project cost is $50 million ($25 million for rural infrastructure projects and $15 million for Intelligent Transportation Systems projects). With the enactment of MAP-21, the amount of federal credit assistance for a TIFIA secured loan may not exceed 49% of total eligible project costs and 33% of total eligible project costs for a TIFIA line of credit. Interest rates on TIFIA secured loans are generally equal to the Treasury Rate on the date of execution of the TIFIA credit instrument while interest rates on TIFIA lines of credit are generally equal to the 30-Year Treasury Rate as of the date of execution.

The Miami Intermodal Center (MIC) Program received approval for two TIFIA Loans. The proceeds from the initial loan of up to $269 million were to be used for: land acquisition and environmental remediation, roadway access improvements to the Miami International Airport (MIA), a people mover system (MIA Mover) connecting MIA with the Rental Car Facility (RCF) and the MIC Core, and initial construction of the MIC Core, or the MIC Central Station – a transportation hub that will link Tri-Rail, Amtrak, Greyhound, Miami-Dade Transit's bus system, and future connections to Miami-Dade Transit's rail system. The State Comprehensive Enhanced Transportation System (SCETS) fuel tax distributed to FDOT District 6 for Miami-Dade County was the primary pledge to repay the loan. This loan had $15 million in actual loan draws and was repaid in full on July 3, 2006. The proceeds from the second loan of up to $170 million are being used for the design and construction of the consolidated RCF. The loan for the RCF closed on April 29, 2005 with USDOT. On August 28, 2007, the RCF loan was increased to $270 million. In June of 2013, FDOT completed draw-downs of the $270 million eligible. Repayment will come from rental car user fees (Customer Facility Charges) imposed on customers renting cars from participating rental car companies operating in the RCF. Contingent rent, if necessary, will also be paid by participating rental car companies operating in the RCF, if the rental car user fees are insufficient.

Three of the department's P3s are utilizing TIFIA loans: the I-595 Corridor Improvements, the PortMiami Tunnel, and I-4 Ultimate, with loans of $603 million, $342 million, and $949 million, respectively. However, these TIFIA loans were not made to FDOT but rather to the private entities that are responsible for designing, building, financing, operating, and maintaining these facilities.

Additional information on TIFIA can be found at:
https://www.transportation.gov/tifia.

Private Activity Bonds (PABs)

Private Activity Bonds are municipal securities in which private entities use the proceeds. These bonds allow private activity on public projects, while maintaining the tax-exempt status of the bonds. Section 11143 of Title XI of SAFETEA-LU amended Section 142 of the Internal Revenue Code to add highway and freight transfer facilities to the types of privately developed and operated projects for which private activity bonds may be issued.

Federal law limits the total amount of such bonds to $15 billion, and the Secretary of the USDOT had allocated $11.2 billion to qualified facilities as of August 15, 2016. FDOT has made PABs available to teams bidding on the I-4 Ultimate and I-595 P3 projects, as part of the projects' private financing structure. The $15 billion in exempt facility bonds is not subject to the state volume caps. Passage of the PABs legislation reflects the federal government's desire to increase private-sector investment in U.S. transportation infrastructure. Providing private developers and operators with access to tax-exempt interest rates may lower the cost of capital, enhancing investment prospects. Increasing the involvement of private investors in highway and freight projects generates new sources of money, ideas, and efficiencies.

Under Section 11143 of Title XI of SAFETEA-LU, no PABs have been issued to date for any FDOT P3; however, Infrastructure Improvement Revenue Bonds have been issued by conduit issuers on behalf of the contractors for the I-95 from south of SR 406 to north of SR 44 and SR 9B Phase 1 DBF projects.

Additional information on PABs can be found at:
http://www.fhwa.dot.gov/ipd/finance/tools_programs/federal_debt_financing/private_activity_bonds/.

Build America Bonds (BABs)

Build America Bonds were authorized by the American Recovery and Reinvestment Act, effective February 17, 2009, which called for rebuilding America's infrastructure. In order to reduce the costs of borrowing for state and local governments, these bonds include an interest subsidy from the United States government. The Florida Turnpike Enterprise's 2009B issue of $255 million utilized BABs. While the bonds pay 6.7% annual interest to the bondholders, the cost to the Turnpike Enterprise is only 4.4% due to the subsidy from the U.S. Treasury. The subsidy was reduced from $5.9 million to $5.5 million for FY 2014 by the federal government sequester. The BABs program expired December 31, 2010. As such, no new BABs may be issued.

Florida's Turnpike Enterprise

History

Florida's Turnpike was created in 1953 as the Florida State Turnpike Authority and became part of the department in 1969. The Turnpike was reorganized as an Office within the department in 1988 and as a District in 1994. Throughout its history, Florida's Turnpike has consistently remained focused on delivering user-financed highways to meet the needs of its customers while protecting bondholders. Florida's Turnpike Enterprise is currently responsible for the management of Florida's Turnpike System, the collection of tolls on seven other facilities owned or operated by the FDOT, and SunPass transaction processing and account management for other Florida expressway authorities.

SunPass is an electronic toll collection system operated by the Enterprise which uses vehicle transponders associated with customer prepaid toll accounts. Within Florida, SunPass can be utilized on: the Turnpike System; the eight other facilities owned or operated by FDOT; the three major metropolitan expressway systems owned by the Central Florida Expressway Authority, the Miami-Dade Expressway Authority, and the Tampa Hillsborough Expressway Authority; the Sanibel Causeway, Cape Coral Bridge, and Midpoint Memorial Bridge in Lee County; the Broad, Venetian, and Rickenbacker causeways in Miami-Dade County; the Bob Sikes Bridge in Escambia County; and the Orchard Pond Parkway in Leon County. Additionally, SunPass can be used to pay for parking at the Hard Rock Stadium in Miami Gardens, as well as the following international airports: Orlando, Fort Lauderdale, Tampa, Palm Beach, and Miami. Per the mandate contained in MAP-21 federal legislation, all state tolling systems must become interoperable with each other in 2016. Outside of Florida, SunPass can be used in North Carolina and Georgia.

SunPass customers can pay their tolls electronically without having to stop at a toll plaza. Additionally, SunPass toll rates are typically lower than cash toll rates. During FY 2016, approximately 1.3 billion electronic toll transactions were processed by the Enterprise, of which 0.6 billion were on behalf of the three major metropolitan expressway authorities. Currently, the Enterprise manages 5.6 million active SunPass prepaid toll accounts by providing account maintenance, customer support, and transaction processing.

The Enterprise also offers a video toll option for Turnpike System customers utilizing the Veterans Expressway and the I-4 Connector in Hillsborough County, State Road 821 (the Homestead Extension of Florida's Turnpike) in Miami-Dade County, the Sawgrass Expressway in Broward County, and a portion of the Southern Coin section of the Turnpike Mainline in Miami-Dade and Broward counties. Customers can travel on these facilities without a SunPass and will receive a "Toll-By-Plate" invoice which they can subsequently pay online, over the phone, or through the mail.

Construction of Florida's Turnpike was authorized by the 1953 Legislature. The first section opened in 1957, with subsequent sections opening in 1964 and 1973. Construction of the Turnpike Mainline was financed from bond sales in 1955, 1961, 1970, and 1973 (all of which have been retired).

In 1989, bonds were sold for general improvements to the system. In 1990, the Legislature recognized that the state's road system had not kept pace with the growth experienced in the immediately-preceding decade. To meet these needs, the Legislature authorized the Turnpike Expansion Program and allocated a total of $425 million of state funds to be used on Turnpike projects. The Turnpike opened five complete expansion projects under the expansion program started as a result of this legislation and enhanced by 1997 legislation: the Seminole Expressway, the Veterans Expressway, the Southern Connector Extension (funded by system revenues and private funding), the Polk Parkway, and the Suncoast Parkway. In 2000, the Turnpike acquired title to the Sawgrass Expressway through the refunding of the Sawgrass Expressway bonds. In 2003, 2004, and 2006, bonds were sold to construct a new Turnpike expansion project, the Western Beltway, Part C. Also, in 2013, bonds were sold for the latest addition to the Turnpike System, the I-4 Connector in Tampa which opened in FY 2014. In July 2014, the Turnpike purchased the Beachline East toll facility from the Department. Additionally, the Turnpike sold bonds during FY 2014, FY 2015, and FY 2016 to provide funding for the First Coast Expressway in Jacksonville which is scheduled to open in early 2017.

The following table reflects Turnpike bond issues from 1989 to 2016, including refunding issues to achieve debt service savings.

TURNPIKE BONDS ISSUED SINCE 1989 AS OF JUNE 30, 2016 ($ in millions)					
Series	**Month**	**Year**	**Stated Rates**	**Amount**	**Balance**
Series 1989	April	1989	7.10 to 7.75%	$220	$0
Series 1991	January	1991	6.00 to 9.50%	$337	$0
Series 1992	July	1992	5.00 to 6.35%	$193	$0
Series 1993*	May	1993	3.00 to 5.50%	$522	$0
Series 1995	July	1995	5.50 to 5.63%	$348	$0
Series 1997*	December	1997	4.50 to 5.50%	$200	$0
Series 1998A	February	1998	4.50 to 6.50%	$234	$0
Series 1998B	May	1998	4.25 to 5.00%	$200	$0
Series 1999A	February	1999	3.50 to 5.13%	$110	$0
Series 2000A	February	2000	4.50 to 6.25%	$112	$0
Series 2000B	November	2000	4.50 to 5.25%	$101	$0
Series 2003A*	February	2003	3.25 to 5.25%	$446	$0
Series 2003B*	July	2003	3.25 to 5.25%	$304	$0
Series 2003C	October	2003	2.38 to 5.00%	$201	$0
Series 2004A	December	2004	3.00 to 5.00%	$279	$0
Series 2005A*	April	2005	3.00 to 5.00%	$93	$0
Series 2006A*	December	2006	3.00 to 5.00%	$443	$24
Series 2007A	June	2007	4.25 to 5.00%	$256	$0
Series 2008A*	January	2008	4.50 to 5.00%	$326	$234
Series 2009A&B	July	2009	2.00 to 6.80%	$323	$279
Series 2010A*	April	2010	3.00 to 5.00%	$211	$133
Series 2010B	June	2010	2.00 to 5.00%	$251	$225
Series 2011A*	July	2011	3.25 to 5.00%	$150	$126
Series 2012A*	February	2013	2.88 to 5.00%	$306	$294
Series 2013A*	May	2013	5.00 to 5.00%	$183	$146
Series 2013B*	August	2013	2.00 to 5.00%	$206	$125
Series 2013C*	January	2014	4.00 to 5.00%	$267	$248
Series 2014A*	July	2014	2.00 to 5.00%	$224	$220
Series 2015A*	June	2015	2.00 to 5.00%	$241	$235
Series 2015B*	October	2015	3.00 to 5.00%	$196	$196
Series 2016A*	January	2016	3.00 to 5.00%	$173	$173
Series 2016B*	March	2016	2.50 to 5.00%	$113	$113
* these issues included refunding bonds (all or partial) Total				$7,769	$2,771

Turnpike Enterprise Bonding Program

Florida's Turnpike Enterprise utilizes a combination of cash and revenue bonds to improve and expand the Turnpike System. Conservative policies guide the Turnpike Enterprise in managing its bond program. Bonds are structured to provide for level debt service payments and are sold for Turnpike System projects that have a useful life equal to or greater than the term of the bonds, e.g. 30-year bonds for projects with a life of 30 years or more. Recurring annual operating and maintenance costs are not bonded.

During FY 2016, the Turnpike Enterprise issued $196 million of 2015B revenue refunding bonds to refund approximately $211 million of the 2007A Turnpike bonds maturing in years 2017 through 2036. The present value of the debt service savings was approximately $32 million. The Turnpike Enterprise also issued $286 million of 2016A and 2016B revenue refunding bonds to refund approximately $314 million of 2006A Turnpike bonds maturing in years 2017 through 2036. The present value of the combined debt service savings was approximately $41 million.

Since its inception in 1954, the Turnpike has issued approximately $8.2 billion of new-money and refunding bonds. After repayments, the outstanding principal balance of Turnpike bonds was approximately $2.8 billion at the end of FY 2016 (June 30, 2016).

The finance plan for the Turnpike Enterprise's adopted work program for the period FY 2017 through FY 2021 includes estimated planned issues of approximately $1.4 billion through FY 2021 to fund the capital improvement program. The coverage required by the Turnpike Debt Management Policy is 1.50x (net debt service coverage ratio). The finance plan for the adopted work program for FY 2017 through FY 2021 reflects net coverage in excess of the 1.50x minimum requirement.

PROJECTED DEBT SERVICE COVERAGE FOR THE TURNPIKE SYSTEM ($ in millions)

FY Ended June 30	Toll Revenue[1]	Admin Charge Revenue	Concession Revenue	Gross Operating Revenue	O&M + Bus. Dev. & Mktg. Exp.	Net Revenue	Debt Service[2]	Times Debt Service Coverage	
								Net Revenue[3]	Gross Revenue[3]
2016a	$955.9	$17.0	$7.2	$980.1	$192.5	$787.6	$261.5	3.01x	3.75x
2017e	$903.2	$14.4	$7.3	$924.9	$201.0	$723.9	$268.5	2.70x	3.44x
2018e	$957.4	$14.6	$7.4	$979.4	$206.8	$772.6	$285.8	2.70x	3.43x
2019e	$971.1	$14.9	$7.5	$993.5	$207.7	$785.8	$293.5	2.68x	3.39x
2020e	$987.4	$15.2	$7.6	$1,010.2	$206.5	$803.7	$286.0	2.81x	3.53x
2021e	$1,018.2	$15.5	$7.7	$1,041.4	$211.3	$830.1	$306.0	2.71x	3.40x

a = actual (audited) e = estimated

Notes:
1 Reflects indexing of toll rates required by Section 338.165, F.S.; Aug-2015 forecast (Adopted).
2 Net of Federal Build America Bonds (BABs) interest subsidy; July 2016 Adopted plan.
3 Estimated debt service coverage ratios do not reflect other operating revenues or investment income which would increase the coverage.

Turnpike Enterprise Revenues

The Turnpike System earned $955.9 million in toll revenues during FY 2016, representing an increase of approximately 10% over FY 2015 toll revenues of $866.0 million. The growth in toll revenues was primarily attributable to an increase in toll transactions of approximately 9% as well as the indexing of toll rates. In accordance with Section 338.165, Florida Statutes, the Turnpike is required to periodically index toll rates to the CPI.

The following table reflects toll revenues by system component for the past two years:

TURNPIKE SYSTEM TOLL REVENUE COMPARISON OF FY 2015 TO FY 2016 ($ in thousands)				
Component	**FY 2015**	**FY 2016**	**$ Change**	**% Change**
Mainline	$624,033	$681,386	$57,353	9.2%
Sawgrass Expressway	$72,614	$80,510	$7,896	10.9%
Seminole Expressway	$45,243	$51,713	$6,470	14.3%
Veterans Expressway	$41,111	$45,720	$4,609	11.2%
Southern Connector Extension	$8,746	$10,917	$2,171	24.8%
Polk Parkway	$27,713	$31,359	$3,646	13.2%
Suncoast Parkway	$23,682	$25,709	$2,027	8.6%
Western Beltway, Part C	$8,853	$11,032	$2,179	24.6%
I-4 Connector	$8,774	$12,071	$3,297	37.6%
Beachline East Expressway	$5,181	$5,512	$331	6.4%
Total	$865,950	$955,929	$89,979	10.4%

Turnpike Enterprise Operating & Maintenance Costs

Due to significant growth in toll transactions during FY 2016, the Turnpike System's O&M costs increased over the prior year. O&M is primarily made up of toll collection and routine maintenance costs. For FY 2016, O&M, increased from $177.2 million to $192.5 million, or approximately 9%.

Additional information on Florida's Turnpike Enterprise can be found at: http://www.floridasturnpike.com/about.html.

Department-Owned and Operated Toll Facilities

In addition to Florida's Turnpike Enterprise, the department owns and operates the following five toll facilities across the State:

Sunshine Skyway Bridge

The Sunshine Skyway Bridge is part of Interstate 275, passes over Tampa Bay, and links the St. Petersburg and Bradenton areas. Net revenues (after payment of O&M) annually reduce amounts owed to the STTF for prior year costs incurred on the facility. Additionally, in accordance with Section 338.165, Florida Statutes, excess toll revenues are being used to fund improvements on other transportation facilities in Hillsborough, Manatee, and Pinellas Counties. The amount owed to STTF for prior year costs incurred on the facility totaled $804,000 for O&M and $9.5 million for FY 2016 facility costs; and the amount owed to STTF for the improvements on other facilities totaled $17.9 million as of June 30, 2016. STTF is reimbursed for O&M and facility costs prior to revenues being applied to the non-system related debt.

Everglades Parkway (Alligator Alley)

Alligator Alley is part of Interstate 75 and runs from Naples to west of Ft. Lauderdale. The Legislature found that the construction of the Alligator Alley contributed to the alteration of water flows and affected ecological patterns of the Everglades. To provide resources for restoration of the Everglades, excess toll revenues are transferred annually (if available) to the Everglades Fund of the South Florida Water Management District (SFWMD) in accordance with Section 338.26, Florida Statutes and Memorandum of Agreement dated June 30, 1997. As of June 30, 2016, the total amount transferred to SFWMD totals $63.6 million. A Memorandum of Agreement was signed with SFWMD on June 30, 2016 where FDOT will transfer annually by August 15 all excess revenue from the previous state fiscal year through June 30, 2019.

In March 2007, $43.175 million Alligator Alley Revenue Refunding Bonds were issued to refund the 1997 issuance of $55.2 million. The 2007 bonds will be retired in FY 2027. In accordance with the bond covenants, net toll revenues fund renewal and replacement costs. Due to resurfacing needs on the Alley, the department began funding a Renewal and Replacement (R&R) Fund. The balance of the R&R Fund at June 30, 2016 was $24.0 million of which $14.9 million is due the department for costs incurred. Maximum annual debt service on the 2007 bonds is approximately $3.5 million, and after the payment of the operating and maintenance costs, net toll revenues of $23.1 million in FY 2016 covered debt service 6.7 times. Bonds outstanding as of June 30, 2016 totaled $37.9 million which includes principal and interest. The 2011 Legislative Session amended Section 338.26(3), Florida Statutes, requiring that the toll would be used to “develop and operate a fire station at mile marker 63 on Alligator Alley to provide fire, rescue, and emergency management services to the adjacent counties along Alligator Alley.” The fire station opened in the fall of 2014.

Pinellas Bayway

The Pinellas Bayway consists of a series of causeways and bridges providing a connection between St. Petersburg Beach, Fort DeSoto Park, and I-275 in south St. Petersburg. There are no bonds outstanding backed by toll revenues of this facility. Revenues after operating and maintenance costs are being accumulated along with interest earnings for projects in Pinellas County, in accordance with Chapter 2014-223, Laws of Florida. These accumulated funds were used for the construction of Blind Pass Road and State Road 699 improvements. Currently, these funds are being used for the construction of Phase II of the Pinellas Bayway improvements, in accordance with the law. Construction on one of the Pinellas Bayway Bridges began in FY 2012. The balance of the escrow account was $8.4 million as of June 30, 2016. Toll revenues provide for the reimbursement to the department’s STTF for the annual operating and maintenance costs. Debt due to the STTF totaled $43.2 million as of June 30, 2016.

Construction of Structure E of the Bayway System is programmed to begin FY 2018. The construction will deplete the escrow account and will add to the Bayway’s debt due to STTF for those expenditures.

I-95 Express

I-95 Express is Florida’s first express lanes. It launched in 2008 to help mitigate demand on one of the most congested highways in the country, Interstate 95 in Miami-

Dade County. The project combines four major transportation techniques: tolling, transit, travel-demand management, and technology. The goal is to increase the highway's people-moving capacity, in order to meet the increased travel demands being experienced in the corridor. I-95 Express features a dynamic tolling mechanism, ride-sharing incentives, and bus rapid transit service that give commuters various options for travel. These services in combination with enhanced operational and incident management efforts have reduced travel time by 200% in the local lanes and by 300% in the express lanes, while significantly increasing transit usage as well.

The project is being implemented in various phases. Phase 1A opened on December 5, 2008 and runs northbound on I-95 from SR-112 to the Golden Glades area just north of 151st Street in Miami-Dade County. Phase 1B opened on January 15, 2010 and runs southbound on I-95 from the Golden Glades area to I-395. Phase 1B also extended the northbound express lanes further to the south from SR 112 to I-395. Phase 2 created lanes in both directions on I-95 between the Golden Glades Interchange in Miami-Dade County and I-595 in Broward County and began collecting tolls in October 2016. Both phases were completed without creating debt. Excess revenues generated will be used for construction, maintenance, or improvement of any road on the State Highway System within the county or counties in which the revenue was collected, in accordance with Section 338.166, Florida Statutes.

Department-Owned and Concessionaire Operated Toll Facilities

I-595 Express

The I-595 Express Corridor Improvements Project consisted of the reconstruction of the I-595 mainline and all associated improvements to frontage roads and ramps from the I-75/Sawgrass Expressway interchange to the I-595/I-95 interchange, for a total project length along I-595 of approximately 10.5 miles and included three at-grade, reversible express toll lanes, serving express traffic to/from the I-75/Sawgrass Expressway from/to east of SR 7, with a direct connection to the median of Florida's Turnpike. These lanes operate as express lanes with variable tolls to optimize traffic flow and reverse directions in peak travel times (eastbound in the a.m./westbound in the p.m.).

The project improvements were implemented as part of a P3 with I 595 Express, LLC, a subsidiary created by ACS Infrastructure Development, who was awarded the contract to serve as the concessionaire to design-build-finance-operate-maintain the project for a 35-year term. The department provides management oversight of the contract. The department installed, tested, and will operate and maintain all SunPass tolling equipment for the reversible express lanes and will set the toll rates and retain the toll revenue. The project opened to traffic in March 2014 and reached final acceptance on September 5, 2014.

Department-Operated Toll Facilities

In addition to Florida's Turnpike Enterprise and the six department-owned and operated toll facilities mentioned above, the department operates two toll facilities under the terms of a Lease-Purchase Agreement or Operating Agreement with expressway and bridge authorities. These include the following:

Mid-Bay Bridge

The Mid-Bay Bridge crosses Choctawhatchee Bay from SR 20 east of Niceville, south to US 98 near Destin. The department collects the tolls and maintains the facility under the terms of a Lease-Purchase Agreement with the Mid-Bay Bridge Authority under which the department pledges to pay the costs of O&M. The reimbursement of these expenditures is subordinate to debt service requirements and payable from excess revenues flowing to the General Reserve Fund. The long-term debt owed to the STTF was $11.1 million as of June 30, 2016. The Authority has issued several bond series with the most recent issuance being 2015A, 2015B, and 2015C.

For more information, contact the Mid-Bay Bridge Authority at (850) 897-1428, or visit the website at http://www.mid-bay.com/.

Garcon Point Bridge

Garcon Point Bridge opened to traffic May 14, 1999 and is a fixed span toll bridge that traverses Santa Rosa Bay from Garcon Point on the mainland to Redfish Point on the Gulf Breeze Peninsula. The Santa Rosa Bay Bridge Authority, on October 16, 1996, issued approximately $95 million revenue bonds to provide for construction and costs of issuance. Pursuant to the terms of a Lease-Purchase Agreement with the Authority, the department pledges to pay operating and maintenance costs of the facility. Long-term debt owed to the STTF as of June 30, 2016 totaled $23.1 million. In addition, the department advanced from its TFRTF $8.5 million to pay for engineering and right-of-way costs for the project. The principal and interest due to the STTF for prior TFRTF loans at June 30, 2016 is $7.9 million. The reimbursement of both the O&M costs and the TFRTF advances are subordinate to debt service payments and are to be payable from revenues flowing to the Surplus Fund.

Based on actual toll revenues on the Garcon Point Bridge, it was determined that future toll revenues would not be sufficient to meet minimum debt service coverage requirements. In a resolution passed in March 2001, the Authority, based on the recommendation of Traffic and Revenue Consultants, adopted a toll rate increase schedule. The toll rate was increased to $3.75 on January 5, 2011.

In January 2002, the Authority began withdrawing from the Debt Service Reserve Fund, in order to meet the semi-annual debt service payment. The balance in the Debt Service Reserve Fund was depleted in January 2011. The authority is in payment default.

For more information, contact the Santa Rosa Bay Bridge Authority at (850) 983-6003, or visit the website at http://www.garconpointbridge.com/.

Other Toll Facilities

Miami-Dade Expressway System

The Miami-Dade Expressway System is a group of five toll roads in the urban area of Miami-Dade County. The facilities include the Gratigny Parkway, Airport Expressway, Dolphin Expressway, Don Shula Expressway, and the Snapper Creek Expressway. The Miami-Dade Expressway Authority (MDX) has issued several bond series with the most recent issuance in 2013.

Pursuant to the 1996 Transfer Agreement between MDX and the department, MDX transfers 1/12th of the approved annual O&M budget (to cover the portion of O&M performed by the department) to STTF monthly to offset current year department O&M costs. The long-term debt owed to the STTF as part of the 1996 transfer was fully repaid in FY 2007. MDX fully reimbursed the department for their outstanding SIB and TFRTF loans.

For more information, contact the Miami-Dade Expressway Authority at (305) 637-3277, or visit the website at http://www.mdxway.com/.

Central Florida Expressway System

The Central Florida Expressway System is comprised of five toll facilities with a total of 105 miles in the central Florida area. The Central Florida Expressway Authority (CFX or Authority) (formerly the Orlando-Orange County Expressway Authority [OOCEA]) has issued several bond series with the most recent issuances being Series 2013 A and B. The department is responsible under a Lease-Purchase Agreement for O&M costs on portions of the CFX System. The O&M costs of the Holland East-West Expressway and Airport Expressway and the maintenance costs of the Beachline Main Expressway are added to debt due STTF each year. The department has contracted with CFX so that the Authority is responsible for the management, operation, and maintenance of these facilities. The department funds the annual costs for these facilities and records them as a long-term receivable of the STTF ($172.9 million at June 30, 2016).

A repayment schedule was authorized during the 2012 Legislative Session, with $10 million paid in FY 2013 and $20 million per year thereafter until the retirement of long-term debt. In FY 2014, CFX began reimbursing STTF for O&M expenses paid by the department. In October 2016, CFX elected to pay the remaining balance of its long-term debt owed the Department. The Lease Purchase Agreement for O&M costs is still in effect for the life of the bonds. In addition, the Authority owes the department $2.1 million for a SIB loan used to fund the Maitland Boulevard Extension.

For more information, contact the Central Florida Expressway Authority at (407) 690-5000, or visit the website at https://www.cfxway.com/.

Selmon Expressway

The Selmon Expressway is a 15-mile toll road that extends from Gandy Boulevard in Southwest Tampa, north and east through downtown Tampa to an interchange with Interstate 75 just west of the Brandon area. A system of reversible express lanes, located generally within the median of the existing Expressway System and extending from the Tampa Central Business District east to Interstate 75 connecting to the Brandon area feeder roads, opened in 2006. The Tampa-Hillsborough County Expressway Authority (THEA or Authority) has issued several bond series with the most recent being 2012 A, B, and C.

The department and the Authority entered into a Memorandum of Agreement dated October 26, 2010 which clarifies: O&M responsibility under the Lease-Purchase Agreement; repayment schedules for SIB, TFRTF, and long-term debt due the department; shared revenue for the I-4 Connector; and that the department will not have O&M obligations under new bonds issued by the Authority. The MOA was amended in March 2012 and October 2012 for the Authority to fully repay the TFRTF and SIB loans and to defease their bonds through the issuance of new senior lien bonds issued in December 2012 that terminated the LPA between the Authority and the department. Long-term debt due to the STTF at June 30, 2016 was $201.8 million.

For more information, contact the Tampa-Hillsborough County Expressway Authority at (813) 272-6740, or visit the website at http://www.tampa-xway.com/.

Supplemental Information

Debt Affordability Analysis and Report

Section 215.98, Florida Statutes, created in May 2001, codifies the state's debt affordability analysis and requires that an annual report be prepared by December 15th every year by the State Board of Administration Division of Bond Finance. Target debt ratio is set at 6%, not to exceed 7%, unless the Legislature determines that such additional debt is necessary to address a critical need.

For the latest report, visit the website at https://www.sbafla.com/bondfinance/.

Revenue Limitation

During the 1994 regular session, the Florida Legislature passed HJR 2053 which placed a constitutional amendment to limit state revenues before the voters who approved it in November 1994. As amended, subsection 1(e), Article VII of the Florida Constitution places a limit on the rate of growth in state revenues, limiting such growth to no more than the growth rate in Florida personal income. Toll revenue collections in excess of the amounts needed to meet coverage requirements contained in the bond documents are included as revenue in the calculation of the statewide Constitutional revenue limitation. The most recent projection of the Office of Economic and Demographic Research indicates that the growth rate for state revenues subject to limitation for FY 2017 will be approximately 4.2%. The growth rate for the Constitutional revenue limit will be approximately 3.8%. Due to healthy growth in the limitation from earlier years, the cushion between the limitation and projected revenue growth is around $19.7 billion. Therefore, any increases in toll revenue collections are not anticipated to have an impact on state revenue decisions.

State Transportation Revenues

The state has taken measures to offset the impact of inflation on the transportation program by indexing the state gas tax to the change in the overall CPI each calendar year. The state Revenue Estimating Conference (REC) issues a 10-year state transportation revenue forecast at least twice per year. The Summer 2016 REC forecasted 2.5% growth for FY 2017, 2.7% for FY 2018, and average annual revenue increases of approximately 3.1% for FY 2019 through FY 2022. Overall growth in revenues has exceeded and is forecasted to continue to exceed the CPI.

HISTORICAL TRENDS AND FORECAST OF STATE TRANSPORTATION REVENUES ($ in millions)							
Source	**Actual**	**Forecast**					
	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Fuel Taxes	$2,179.7	$2,200.5	$2,266.9	$2,361.7	$2,458.9	$2,551.2	$2,650.1
Aviation Fuel Taxes	$29.5	$31.7	$32.6	$32.5	$27.8	$26.5	$26.9
Motor Vehicle Fees	$1,114.5	$1,167.3	$1,177.8	$1,198.0	$1,214.1	$1,227.2	$1,240.3
Rental Car Surcharge	$140.8	$144.3	$148.3	$152.6	$156.6	$160.5	$164.5
Documentary Stamps	$267.8	$283.5	$303.7	$322.7	$339.8	$354.4	$369.1
Total	$3,732.4	$3,827.2	$3,929.2	$4,067.5	$4,197.2	$4,319.7	$4,451.0
Percent Change in Total Revenues	12.7%	2.5%	2.7%	3.5%	3.2%	2.9%	3.0%
Percent Change in CPI	0.8%	2.3%	2.4%	2.4%	2.5%	2.6%	2.6%

Notes:
1 Actual through FY 2016; thereafter, estimates are from the Summer 2016 REC.
2 Totals may not add due to rounding.

Financial Controls

The Florida Department of Transportation has a number of financial and planning controls in place that assure that financial management is sound and responsive. Key elements include:

Five-Year Work Program Development Process

All of the department's transportation projects are contained in a five-year work program as prescribed in law. The work program is officially updated twice each year, and it is continuously balanced to available finances during the year (Section 339.135, Florida Statutes).

Monthly Production Management and Performance Monitoring Process

The FDOT prepares and publishes a monthly production management report package. It outlines the department’s progress in the accomplishment of current year project commitments from the department’s five-year work program in statewide summaries and district detail. The results are presented each month to the department’s Executive Leadership. The FDOT Districts must respond to production levels that deviate from a norm of 95% of the expected level of production and 90% of the expected costs. As part of this process, each District monitors production on a continuous basis.

Monthly Cash Forecast Process

The FDOT prepares multi-year, monthly cash forecasts for the State Transportation Trust Fund, the Right-of-Way Acquisition and Bridge Construction Trust Fund, and each of the Turnpike Enterprise trust funds. Each month, the FDOT updates for actuals and changes in assumptions to ensure that the work program continues to be financed.

Multi-Year Finance Plans

The FDOT prepares multi-year (five-year and ten-year) Finance Plans for each of the department's major trust funds. The Finance Plans are reconciled to the Cash Forecasts. They are used extensively in the planning of alternative financing and work program scenarios, per Section 339.135, Florida Statutes.

Turnpike Enterprise Finance and Production Offices

The Turnpike Enterprise Finance and Production Offices are responsible for planning and developing financially balanced Turnpike Enterprise work programs and operating budgets, in close cooperation with the FDOT Central Office.

Quality Assurance Review Processes

Department personnel continuously monitor, evaluate, adjust, and improve the cash forecasting and financial planning processes and underlying assumptions. Formal procedures are in place to analyze and evaluate commitment and outlay trends, payout rate profiles, levels of federal participation, and other variables affecting cash forecasting and financial planning. These activities enable a quick identification and response to changes in financial conditions, per Section 20.23(4)(a), Florida Statutes.

Other Oversight

Revenue Estimating Conference (REC)

The Revenue Estimating Conference is comprised of members of the Executive Office of the Governor, Office of Economic and Demographic Research, professional staff of the House and Senate committees, and the Departments of Transportation, Revenue, and Highway Safety. The REC provides projections, developed by consensus, of revenues and other economic assumptions for use in all state planning and budgeting activities. The Transportation, Highway Safety, and General Revenue RECs meet and update revenue projections for STTF revenues at least two times per year, per Section 216.134, Florida Statutes.

Florida Transportation Commission

The Commission is charged with the responsibility to annually assess the financial soundness of the department's work program. This assessment includes a detailed review of the department's finance plans and assumptions as well as continuous monitoring of financial performance, per Section 20.23(2), Florida Statutes.

Independent Auditors

The financial statements of Florida’s Turnpike System are independently audited on an annual basis by the nationally recognized Certified Public Accounting firm, RSM US, LLP. FDOT and Turnpike Enterprise operations are also subject to financial, federal, and operational audits conducted by the Florida Auditor General and the department’s Inspector General. Copies of audits are available upon request.

Summary

The department has financially sound trust fund balances and conservative approaches towards debt financing. The systems, controls, and people are in place to ensure that department operations are well managed, and forecasts of revenues and expenditures are continuously updated to reflect the most current financial information.